



## GIFT TAX INFORMATION AND INSTRUCTIONS

A tax is imposed under Wisconsin law upon the transfer by gift of real estate and personal property. A gift occurs when property is transferred without full consideration in money or the equivalent. Examples of taxable and exempt transfers appear later in these instructions.

### FILING REQUIREMENT

If the total of all taxable transfers from one donor to one donee exceeded \$3,000 during 1982, gift tax reports must be filed even though no gift tax may be due. (Note: All gifts made to a spouse on or after July 1, 1982 are exempt from gift tax and no gift tax reports need be filed for such gifts.)

### WHO MUST FILE

Both the donee and donor must file a gift tax report. The donee files Form 6 (Wisconsin Donee's Gift Tax Report) and the donor files Form 7 (Wisconsin Donor's Gift Tax Report).

### WHEN TO FILE

The donee and donor gift tax reports must be filed by April 15, 1983. No extension of time is available for either filing a gift tax report or paying the tax.

### WHO PAYS THE GIFT TAX

The gift tax is computed on the donee gift tax report. Payment should accompany the report when it is filed. If the gift tax is not paid by April 15, 1983, both the donee and donor are liable for the tax, penalty and interest.

### LATE FILED GIFT TAX REPORTS

If the gift tax report is not filed by April 15, 1983, a penalty of 5% of the tax will be imposed along with interest on the gift tax at the rate of 12% per year from April 16, 1983 to date of payment.

### FORMS

Gift tax forms are available at most Department of Revenue offices. Consult your telephone book for the office nearest you.

### COMPUTING THE TAX

In computing the tax, the total value of all gifts must be divided into brackets as shown below in the Table of Exemptions and Rates. The annual and lifetime personal exemptions are deducted from the lowest brackets. The annual exemption should be deducted first. No personal exemption is deductible if the donee's lifetime personal exemption for gifts received from this donor was used up in a prior year.

Example: During the year a father gives property to his son valued at \$30,000. Since there had been no prior gifts, the \$10,000 personal exemption is available along with the \$3,000 annual exemption. Deducting the \$13,000 total exemption from the first \$25,000 of the gift leaves \$12,000 taxable at 2.5%. The remaining \$5,000 (\$30,000 less the first \$25,000) is taxable at 5%. The total gift tax due is \$550.

### TAXABLE TRANSFER EXAMPLES

Taxable transfers or gifts include but are not limited to the following:

- Any gift by a donor who is a Wisconsin resident (regardless of the donee's residence) except a gift of out-of-state real estate or tangible personal property permanently located outside Wisconsin.

- Any gift of Wisconsin real estate or tangible personal property located in Wisconsin regardless of where the donor or donee resides.
- Sale or exchange of property without full consideration in money or the equivalent.
- The forgiveness of a debt, or the payment of a debt or obligation of another.
- The amount withdrawn by a joint tenant from a bank account for his or her own use when such tenant did not make deposits to the account.
- The transfer of property to an irrevocable trust set up for the benefit of another.
- The irrevocable assignment of a life insurance policy without retaining any legal incidents of ownership in the policy.
- The transfer of both a present and future interest in property in which the donor does not retain any interest.
- The creation of a joint tenancy in property (for example real estate or securities) which requires the signatures of all joint tenants to transfer is a gift to the joint tenant who did not provide funds to acquire the property. The amount of gift is based upon the donee's interest in the property less any liens on the property assumed by the donee.
- The exercise or release of a power of appointment is a gift to the appointee.

### EXEMPT TRANSFER EXAMPLES

Exempt transfers or gifts include but are not limited to the following:

- Any property transferred to a spouse on or after July 1, 1982, regardless of the nature of the property or where it is located.
- The direct payment of gift tax by the donor to the Wisconsin Department of Revenue.
- The transfer of out-of-state real estate, regardless of where the donee or donor resides.
- The transfer of tangible personal property by a nonresident donor to a Wisconsin donee if the property had been permanently located outside Wisconsin prior to the transfer.
- The transfer of Wisconsin real estate or personal property in which the donor retains a life use.
- The transfer of property to a qualified organization operated exclusively for religious, humane, charitable, scientific or educational purposes except transfers to qualified organizations based in a foreign country.
- The transfer of intangible personal property by a nonresident donor to a Wisconsin donee.

### TABLE OF EXEMPTIONS AND RATES

RELATIONSHIP OF DONEE TO DONOR			EXEMPTIONS		RATES				
					1st Bracket	2nd Bracket	3rd Bracket	4th Bracket	5th Bracket
			Class	Donees	Lifetime Personal Exemption	Annual Exemption	First \$25,000	\$25,000 to \$50,000	\$50,000 to \$100,000
A	Spouse	Gifts made prior to July 1, 1982	\$100,000	\$3,000	1.25%	2.5%	3.75%	5%	6.25%
		Gifts made on or after July 1, 1982	All gifts are exempt.						
	Lineal issue (children, grandchildren), lineal ancestor (parents, grandparents), wife or widow of a son, husband or widower of a daughter, adopted or mutually acknowledged child, or mutually acknowledged parent.	10,000	3,000	2.5%	5%	7.5%	10%	12.5%	
B	Brother, sister, or descendant of brother or sister (nephew, niece, grandnephew or grandniece, etc.) of donor.			3,000	5%	10%	15%	20%	25%
C	Brother or sister of the father or mother (uncle or aunt) or descendant of the brother or sister of the father or mother (cousins) of the donor.			3,000	7.5%	15%	22.5%	30%	30%
D	All others regardless of relationship to donor			3,000	10%	20%	30%	30%	30%

The tax computed at the above rates cannot exceed 20% of the value of the property transferred to the donee before deducting the exemptions.